

**CITY OF EAST PROVIDENCE
RHODE ISLAND
DEFICIT ELIMINATION COMMITTEE
May 12, 2011
6:00 PM**

This meeting was called to order at 6:03 p.m.

Present: William J. Conley, Jr., Chairperson
Michael DiGioia, Councilman
Orlando Andreoni, Interim City Manager
Charles Tsonos, School Committee Chairperson
Chrissy Rossi, School Committee member
Mary King, School Finance Director
Mario Cirillo, Superintendent of Schools

The City Manager made a presentation and stated the following items are expenses for this fiscal year that are not budgeted:

1. \$100,000.00 payment due to the Environmental US EPA for the Beade Waste oil site clean up.
2. \$500,000.00 payment – lost wages as a result of the arbitration decision in the steel workers custodian illegal lay-off matter.
3. \$109,000.00 – severance pay to the former City Manager.
4. \$400,000.00 – increase costs in Blue Cross and Delta Dental.
5. \$110,000.00 – additional pension payments.
6. \$40,000.00 – due to Unfair Labor Practice in the Steelworkers fresh water pollution control plant transaction.
7. \$2,000,000.00 – overtime costs in the police department.

The Interim City Manager also stated that \$563,000.00 had been reserved to address the Warren Avenue flooding problem.

These unbudgeted items total 3.259 Million Dollars.

The School Department Finance Director presented a report confirming a total deficit for fiscal year ending October 31, 2010 of \$6,316,787.00 based on the draft audit from Bacon & Co. Along with revenue and expense projections for this fiscal year, the School Department reported a projected accumulated deficit as of October 31, 2011 of \$7,729,571.00 (see report attached).

This projects a combined accumulated deficit for the municipal and school budget as of October 31, 2011 of 10.979 Million Dollars.

The Public Works Director, Stephen Coutu made a presentation explaining that the draft audit for year ending October 31, 2010 shows an expected 1.4 Million Dollar deficit in the wastewater fund. The Director explained that the wastewater fund budgeted 2 Million Dollars in payments to Narragansett Bay Commission and actual expenses will be 3 Million Dollars and the balance of the deficit is the result of a revenue shortfall to the account based on the expenses the account is incurring.

A discussion took place regarding the \$450,000.00 proceeds from the sale of the Grove Avenue School.

After the discussion, it was decided that the following information would be provided from both the School Department and the City Administration for the next meeting:

1. A five-year budget projection.
2. The projections would include identification / analysis of revenue increases.
3. The projections would include identification / analysis of savings over the next five years.
4. The projections would include identification / analysis of budget practices that are causing a structural deficit in the school / city budget.

It was agreed that the next meeting would be scheduled for May 26, 2011 at 6:30 p.m. at East Providence City Hall Room 306.

A motion was made and seconded to adjourn the meeting at 7:35 p.m.